

Message Text

CONFIDENTIAL

PAGE 01 ANKARA 03371 030805Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 EB-08 COME-00 SS-15
SSO-00 NSCE-00 ICAE-00 SP-02 OMB-01 TRSE-00 STR-07
CIAE-00 INR-10 NSAE-00 INRE-00 L-03 H-01 OPIC-03
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FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 1751
INFO AMEMBASSY LONDON
USMISSION GENEVA

C O N F I D E N T I A L ANKARA 3371

PASS DEPARTMENT OF AGRICULTURE ELECTRONICALLY

E.O. 11652: GDS
TAGS: EAGR, ETRD, BDIS, TU
SUBJECT: TRADE COMPLAINT: CONTINENTAL GRAIN COMPANY

REF: A) STATE 90256, B) ANKARA 2784

SUMMARY: AMBASSADOR CALLED ON TURKISH MINISTER OF AGRICULTURE YUCELER APRIL 28 IN CONNECTION WITH DISPUTE BETWEEN CONTINENTAL GRAIN AND TMO (TURKISH SOIL PRODUCTS OFFICE). AMBASSADOR URGED MINISTER TO REPLY PROMPTLY TO LATEST OFFER FROM CONTINENTAL GRAIN, SET OUT IN THEODORE SORENSEN'S LETTER OF MARCH 22. MINISTER RESPONDED THAT REPLY WOULD BE SENT IN 7-10 DAYS AND INSTRUCTED TMO OFFICIAL PRESENT AT MEETING TO PREPARE APPROPRIATE ANSWER. END SUMMARY.

1. AMBASSADOR CALLED ON MINISTER OF AGRICULTURE YUCELER APRIL 28 TO EXPRESS HIS CONCERN OVER FACT THAT TURKISH GOVERNMENT HAD NOT YET REPLIED TO LETTER FROM CONTINENTAL GRAIN, DATED MARCH 22, SETTING FORTH COMPANY'S LATEST PROPOSAL FOR SETTLING ITS TRADE GRIEVANCE AGAINST TMO.
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AMBASSADOR EXPLAINED THAT HE HOPED TO PREVENT THIS LONG OUTSTANDING MATTER FROM DAMAGING US/TURKISH INTERESTS OF FAR GREATER IMPORTANCE. HE MENTIONED THAT HE HAD TALKED ABOUT THIS PROBLEM WITH MFA SECRETARY GENERAL ELEKDAG; THE LATTER HAD APPRECIATED THE THREAT THAT IT POSED TO OUR RELATIONS AND HAD PROMISED TO WRITE TO THE MINISTER, URGING HIM TO ACT AS SOON AS POSSIBLE TO SETTLE THE DISPUTE.

AMBASSADOR EMPHASIZED THAT USG IS NOT A PARTY TO THE DISPUTE BUT THAT LARGER BILATERAL CONSIDERATIONS AND CONSTANT PRESSURE TO ASSIST IN REACHING A SOLUTION HAVE PROMPTED EMBASSY TO USE ITS GOOD OFFICES.

2. MINISTER YUCELER THANKED THE AMBASSADOR FOR COMING TO SEE HIM AND FOR EMBASSY'S CONCERN. MINISTER APOLOGIZED FOR DELAY IN SETTling THE DISPUTE.

3. HIS POSITION, HOWEVER, DID NOT SEEM TO BE ADVANCED BEYOND WHAT IT HAD BEEN WHEN CONTINENTAL TEAM VISITED IN MARCH. HE HAD BEEN SURPRISED, HE SAID, THAT CONTINENTAL HAD ASKED FOR DIRECT COMPENSATION IN WHEAT AND OTHER COMMODITIES; HE HAD EXPECTED THE COMPANY TO MAKE AN OFFER SIMILAR TO THAT MADE TWO YEARS AGO FOR THE PURCHASE OF A LARGE AMOUNT OF WHEAT, RESALE OF WHICH WOULD YIELD SUCH A PROFIT THAT CONTINENTAL COULD RECOVER ITS LOSSES AND DROP ITS CLAIM. ONLY AFTER CONTINENTAL TEAM HAD COME IN MARCH, HE MAINTAINED, DID HE REALIZE THAT A SPECIFIC CLAIM WOULD HAVE TO BE SATISFIED. DESPITE THIS COMMENT, MINISTER HELD TO TURKISH ACCEPTANCE OF PRINCIPLE OF DIRECT COMPENSATION, AGREED TO IN MARCH, REITERATING THE LAST TURKISH OFFER OF \$17.5 MILLION IN WHEAT, LENTILS, POPPY STRAW. HE REMARKED THAT CONTINENTAL SHOULD HAVE ACCEPTED THAT OFFER BECAUSE THE PRICE OF WHEAT HAD GONE UP FROM \$112 TO \$136 A TON IN THE MEANTIME.
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4. YUCELER SAID THAT HE EXPECTED TO BE ABLE TO REPLY TO CONTINENTAL SHORTLY. THE REPLY WOULD, HOWEVER, HAVE TO BE APPROVED BY OTHER MINISTRIES. HE PROMISED TO SEND OUT A LETTER WITHIN SEVEN TO TEN DAYS AND INSTRUCTED A TMO OFFICIAL PRESENT TO PREPARE IT. MINISTER SAID TURKISH REPLY WOULD BE SENT DIRECTLY TO CONTINENTAL GRAIN IN NEW YORK, WITH A COPY TO THE EMBASSY.

5. AMBASSADOR INDICATED AGAIN THAT AN EARLY RESPONSE WAS MOST IMPORTANT. HE SUGGESTED THAT THE TURKS MAKE A COUNTER OFFER IF THEY COULD NOT ACCEPT CONTINENTAL'S LATEST PROPOSAL.

6. MINISTER APPEARED TO AGREE TO URGENCY OF SETTling THIS CLAIM. HE POINTED OUT THAT TURKEY EXPECTS A GOOD WHEAT CROP THIS YEAR AND WOULD LIKE CONTINENTAL TO RESUME BUSINESS WITH TMO AND BUY SOME OF IT.

7. OTHERS PRESENT AT THE MEETING WERE METIN SAHIN, DEPUTY UNDER SECRETARY OF AGRICULTURE; OGUS UNVER, DEPUTY GENERAL DIRECTOR OF TMO; WALTER STERN, US AGRICULTURAL

ATTACHE, AND YUSUF DURUSOY, US INTERPRETER.
SPIERS

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Message Attributes

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